Province of Newfoundland and Labrador

Public Accounts Volume II
Consolidated Revenue Fund
Financial Statements

FOR THE YEAR ENDED
MARCH 31, 2008

Newfoundland
Labrador

Province of Newfoundland and Labrador

Public Accounts

Volume II

Consolidated Revenue Fund
Financial Statements

For The Year Ended
31 March 2008

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INTRODUCTION

The *Financial Administration Act* requires that all revenues over which the Legislature has power of appropriation shall form one Consolidated Revenue Fund. The financial statements of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador are presented through the publication of the Public Accounts, Volume II.

These statements are prepared on the accrual basis of accounting in accordance with the Public Sector Accounting Standards of the Canadian Institute of Chartered Accountants, and as outlined in the significant accounting policies of the Province. They are prepared by the Comptroller General of Finance and are audited by the Auditor General, who presents an annual report to the House of Assembly on the results of his audit. Budget figures, where available, are provided on several Statements for comparison purposes.

The Public Accounts for the year ended 31 March 2008 also includes one other volume, Volume I - Consolidated Summary Financial Statements. It presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

The Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for 2007-08 was released in August, 2008 and presents expenditures and revenues using the modified cash basis of accounting. This is the same basis used to prepare the budgeted appropriations and revenues as per the Estimates. This report is available online at the address noted below. Another report containing a reproduction of the available financial statements of the Crown Corporations, Boards and Authorities will be released as a separate report.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

Internet Address

The Public Accounts are available on the Internet at:
http://www.gov.nl.ca/ComptrollerGeneral/publications.htm

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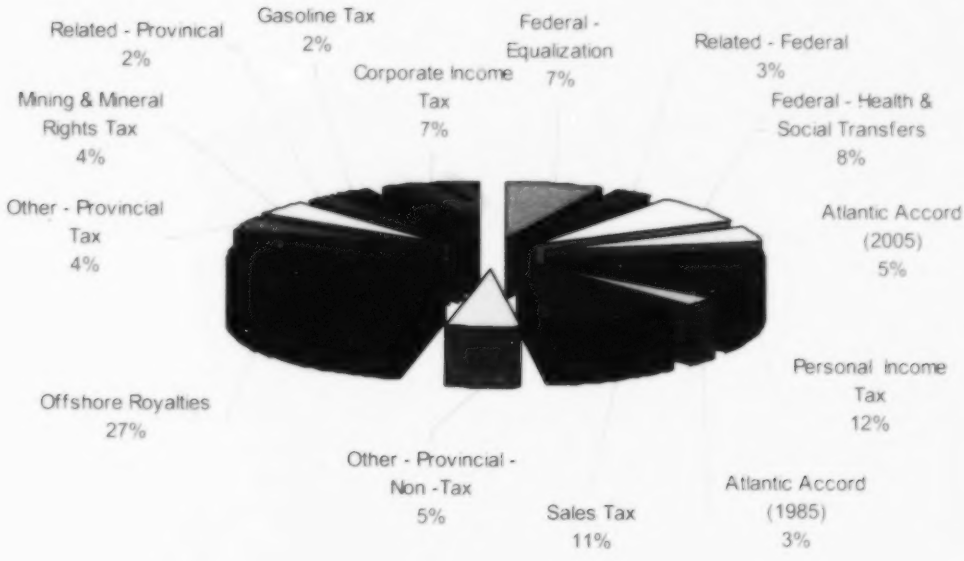
Revenue

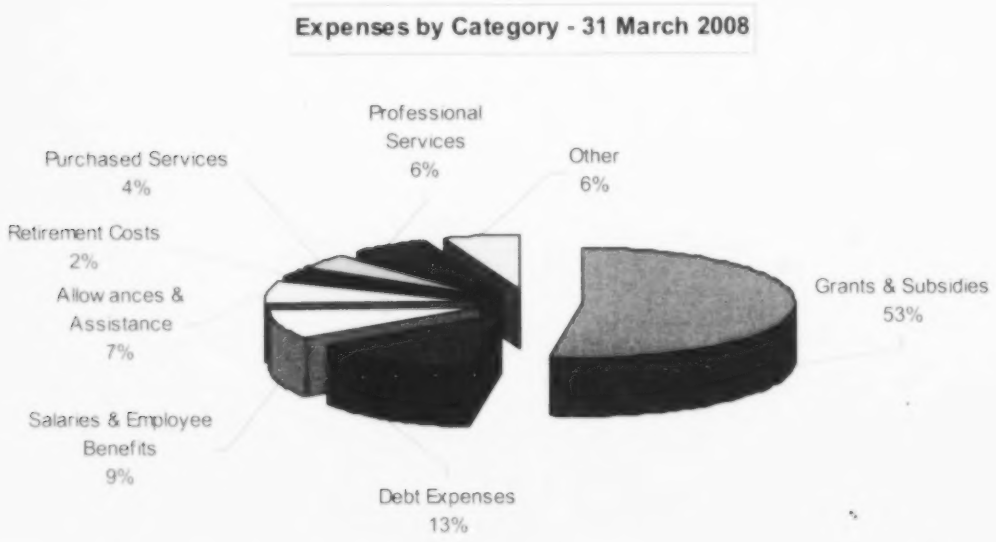
Total revenue was $6.59 billion in 2007-08 which consisted of federal revenues of $1.67 billion and provincial revenues of $4.92 billion.

Revenue by Source - 31 March 2008


Related - Provinical 2%
Gasoline Tax 2%
Federal - Equalization 7%
Related - Federal 3%
Corporate Income Tax 7%
Mining & Mineral Rights Tax 4%
Federal - Health & Social Transfers 8%
Other - Provincial Tax 4%
Atlantic Accord (2005) 5%
Personal Income Tax 12%
Offshore Royalties 27%
Other - Provincial - Non -Tax 5%
Sales Tax 11%
Atlantic Accord (1985) 3%

Expense

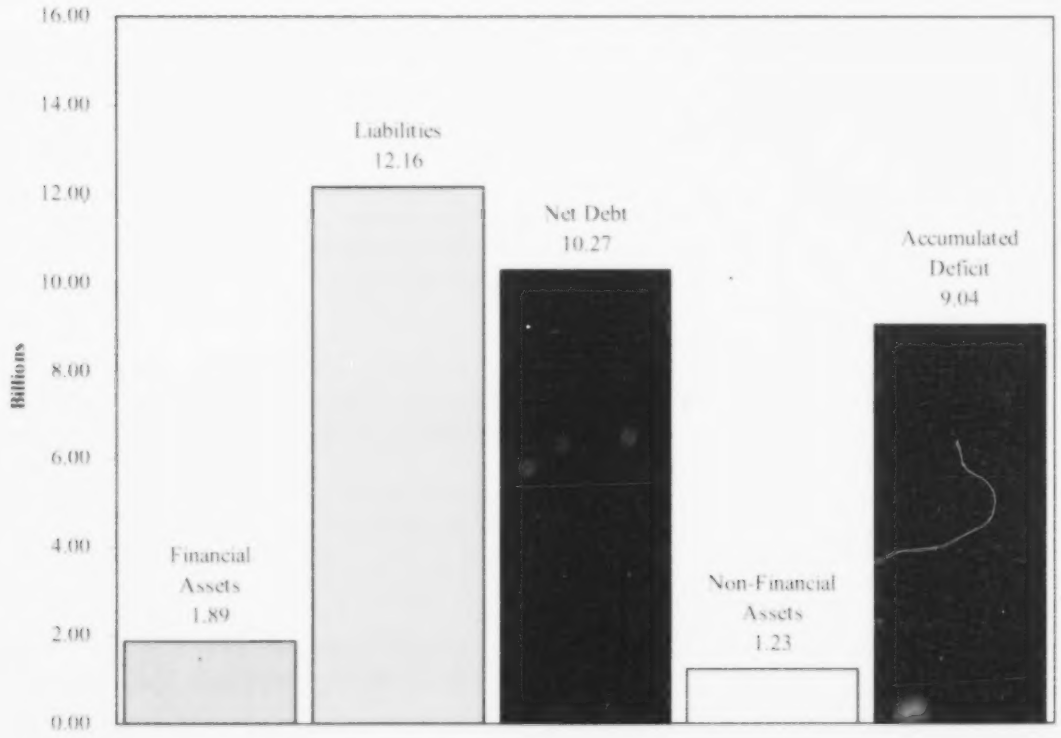
Total expenses were $5.37 billion in 2007-08. Grants and subsidies of $2.85 billion and debt expenses of $0.69 billion represented approximately 66% of this amount.



Financial Position

Net Debt of $10.27 billion consisted of $12.16 billion in liabilities less $1.89 billion in financial assets. Accumulated Deficit of $9.04 billion consisted of $10.27 billion in Net Debt less $1.23 billion in non-financial assets.

Statement of Financial Position - 31 March 2008



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Newfoundland Labrador

Government of Newfoundland and Labrador
Department of Finance

14 November 2008

STATEMENT OF RESPONSIBILITY

Responsibility for the integrity, objectivity and fair presentation of the summary financial statements of the Consolidated Revenue Fund rests with the Government. As required under Section 59 of the *Financial Administration Act*, these summary financial statements are prepared by the Comptroller General of Finance in accordance with the applicable legislation and in accordance with the accounting policies as disclosed in Note 1 to these summary financial statements. Additionally, information has been provided by various government departments as required by Section 20 of the *Financial Administration Act*.

The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained.

The summary financial statements in this volume include a Statement of Financial Position, a Statement of Change in Net Debt, a Statement of Operations, a Statement of Change in Accumulated Deficit, a Statement of Cash Flows and notes. Other schedules and notes that are included also form an integral part of these statements.

Pursuant to Section 11 of the *Auditor General Act*, the Auditor General of Newfoundland and Labrador provides an independent opinion on the summary financial statements.

JEROME P. KENNEDY, Q.C.
Minister of Finance and President
of Treasury Board

RONALD A. WILLIAMS, C.A.
Comptroller General of Finance

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OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the House of Assembly
Province of Newfoundland and Labrador

In accordance with Section 11 of the *Auditor General Act*, I have audited the statement of financial position of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador as at 31 March 2008 and the statements of change in net debt, operations, change in accumulated deficit, and cash flows for the year then ended. These financial statements are the responsibility of Government and have been prepared as outlined in Section 59 of the *Financial Administration Act*. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Government, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Consolidated Revenue Fund as at 31 March 2008 and the results of its operations, the change in its net debt and its cash flows for the year then ended in accordance with the accounting policies disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

These financial statements have been prepared solely to present the activities of the Consolidated Revenue Fund for the year ended 31 March 2008. However, significant financial activities of the Province occur outside of the Consolidated Revenue Fund. These activities, together with those of the Consolidated Revenue Fund, are included in the consolidated summary financial statements of the Province and it is for this reason that those financial statements provide a more comprehensive accounting of the Province's financial position and the results of its operations, the change in its net debt and its cash flows. A separate Auditor's Report is provided on the consolidated summary financial statements.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
14 November 2008

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PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Financial Position
As at 31 March 2008
with comparative figures for 2007

		Actuals 2008	Actuals 2007
		($000)	($000)
	FINANCIAL ASSETS		
	Cash and temporary investments at cost - notes 2, 14	1,048,612	446,208
	Government of Canada - claims in process - note 3	84,904	66,684
Sch. A	Accounts and taxes receivable	749,019	518,422
	Less: Allowance for doubtful accounts	77,622	86,867
		671,397	431,555
Sch. B	Loans, advances and mortgages receivable	105,702	105,698
	Less: Allowance for doubtful accounts	104,624	75,434
		1,078	30,264
Sch. C	Investments at cost	92,532	88,799
	Less: Allowance for investment writedowns	3,250	9,000
		89,282	79,799
	Total Financial Assets	1,895,273	1,054,510
	LIABILITIES		
Sch. E	Other liabilities	1,528,417	1,494,351
	Deferred revenue - note 4	1,254,240	1,572,971
Sch. F	Debenture and other debt	6,982,010	6,960,945
	Less: Sinking fund assets - note 5	726,829	946,411
	Plus: Unamortized unrealized foreign exchange gains (losses) - note 6	222,614	127,464
		6,477,795	6,141,998
	Group health and life insurance retirement benefits - note 8	1,454,326	1,351,597
	Unfunded pension liability - note 9	1,448,141	1,907,730
	Total Liabilities	12,162,919	12,468,647
	NET DEBT	10,267,646	11,414,137
	NON-FINANCIAL ASSETS		
Sch. D	Tangible capital assets	1,203,348	1,132,889
	Prepaid expenses	5,909	3,011
	Inventories of supplies	17,961	15,857
	Total Non-Financial Assets	1,227,218	1,151,757
	ACCUMULATED DEFICIT	9,040,428	10,262,380

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Net Debt
For the year ended 31 March 2008
with comparative figures for 2007

	Actuals 2008	Original Estimates 2008 (Note 18)	Actuals 2007
	($000)	($000)	($000)
NET DEBT - beginning of period	11,414,137	11,536,516	11,442,082
Surplus (Deficit) for the period	1,221,952	164,932	44,684
Changes in tangible capital assets			
Acquisition of tangible capital assets	152,281	259,923	105,892
Net book value of tangible capital asset disposals	(271)	-	(660)
Amortization of tangible capital assets	(81,551)	(81,334)	(87,384)
Increase (Decrease) in net book value of tangible capital assets	70,459	178,589	17,848
Changes in other non-financial assets			
Acquisition of prepaid expenses (net of usage)	2,898		(1,685)
Acquisition of inventories of supplies (net of usage)	2,104		576
Increase (Decrease) in other non-financial assets	5,002		(1,109)
Increase (Decrease) in net debt	(1,146,491)	13,657	(27,945)
NET DEBT - end of period	10,267,646	11,550,173	11,414,137

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Operations
For the year ended 31 March 2008
with comparative figures for 2007

	Actuals 2008	Original Estimates 2008 (Note 18)	Actuals 2007
	($000)	($000)	($000)
REVENUE			
Provincial			
Tax Revenue			
Sales	685,856	671,390	685,869
Personal income	803,999	785,625	885,718
Gasoline	148,055	146,905	144,639
Corporate income	483,893	336,185	341,896
Mining and mineral rights	276,593	227,030	121,506
Other	252,808	252,067	238,192
Non-Tax Revenue			
Offshore royalties	1,753,931	1,038,600	423,041
Investment income	215,039	201,817	216,403
Fees and fines	141,415	132,188	141,105
Related revenue	158,790	169,987	190,664
Government of Canada			
Equalization	477,375	477,375	686,603
Atlantic Accord (2005)	305,697	305,697	219,218
Atlantic Accord (1985)	188,578	188,577	109,784
Health and social transfers	517,467	522,565	492,985
Other	1,708	1,708	1,708
Related revenue	176,884	191,917	108,443
Total Revenue	6,588,088	5,649,633	5,007,774
EXPENSE			
Salaries	395,172	398,449	350,554
Employee benefits	31,796	33,383	20,814
Retirement costs	131,456	115,666	145,521
Transportation and communications	44,436	49,104	40,009
Supplies	107,333	99,073	84,323
Professional services	326,148	355,724	303,777
Purchased services	253,475	280,774	215,872
Property, furnishings and equipment	59,359	38,749	17,473
Allowances and assistance	368,014	402,308	360,941
Grants and subsidies	2,848,871	2,966,903	2,613,854
Debt expenses	689,283	662,714	710,613
Amortization (tangible capital assets)	81,551	81,334	87,384
Bad debt expenses	29,242	520	11,955
Total Expense	5,366,136	5,484,701	4,963,090
ANNUAL SURPLUS (DEFICIT) - notes 10, 19	1,221,952	164,932	44,684

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Accumulated Deficit
For the year ended 31 March 2008
with comparative figures for 2007

	Actuals 2008	Original Estimates 2008 (Note 18)	Actuals 2007
	($000)	($000)	($000)
ACCUMULATED DEFICIT - beginning of period	10,262,380		10,307,064
Surplus (Deficit) for the period	1,221,952	164,932	44,684
ACCUMULATED DEFICIT - end of period	9,040,428		10,262,380

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Cash Flows
For the year ended 31 March 2008
with comparative figures for 2007

	Actuals 2008	Actuals 2007
	($000)	($000)
Funds provided from (applied to):		
OPERATIONS		
Annual surplus (deficit)	1,221,952	44,684
Add (Deduct) non-cash items:		
Amortization of foreign exchange gains/losses	(9,445)	(10,906)
Amortization of tangible capital assets	81,551	87,384
April writebacks	67,820	(6,531)
Deferred revenue	(318,731)	(167,557)
Other	(253,321)	(152,650)
Retirement costs	225,139	299,751
Sinking funds	(49,149)	(57,948)
Valuation allowances	26,490	11,156
Net cash provided from (applied to) operating transactions	992,306	47,383
CAPITAL		
Acquisitions	(152,281)	(105,892)
Disposals	143	201
Net cash provided from (applied to) capital transactions	(152,138)	(105,691)
FINANCING		
Debt issued	650,000	350,000
Debt retirement	(479,126)	(59,659)
Equalization loan	(37,840)	(37,840)
Retirement of pension liabilities	(582,000)	(445,000)
Sinking fund contributions	(42,903)	(45,100)
Sinking fund proceeds	265,132	-
Special purpose funds/contractors' holdback funds	10,097	4,373
Treasury bills purchased	2,478,444	1,955,541
Treasury bills redeemed	(2,477,141)	(1,956,200)
Net cash provided from (applied to) financing transactions	(215,337)	(233,885)
INVESTING		
Loan advances and investments	(9,638)	(1,568)
Loan repayments	130	473
Net cash provided from (applied to) investing transactions	(9,508)	(1,095)
Net cash provided (applied)	615,323	(293,288)
Cash and temporary investment - beginning of period	433,289	726,577
CASH AND TEMPORARY INVESTMENTS - end of period - note 2	1,048,612	433,289

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Notes to the Financial Statements
For the year ended 31 March 2008

1. Summary of Significant Accounting Policies

(a) The Reporting Entity

The Reporting Entity includes the accounts and financial activities of the Consolidated Revenue Fund. Pursuant to the *Financial Administration Act* of the Province all public monies are accounted for through the Fund.

(b) Basis of Accounting

(i) *Method*

These financial statements are prepared on the accrual basis of accounting, revenues being recorded when earned and expenses being recorded when liabilities are incurred, with exceptions made in accordance with the applicable significant accounting policies.

(ii) *Revenues*

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, health and social transfers and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years' revenues when known.

Other revenues are recorded on an accrual basis.

(iii) *Expenses*

Expenses are recorded on an accrual basis.

Retirement related costs are determined as the cost of benefits and interest on the liabilities accrued, as well as amortization of experience gains and losses.

(iv) *Assets*

Temporary investments are recorded at cost or market value, whichever is lower.

Government of Canada - claims in process are recorded as a receivable based on claims outstanding at 31 March and relate mainly to cost-shared agreements.

Inventories of supplies are comprised of items which are held for consumption that will be used by the Province in the course of its operations.

Accounts and taxes receivable are recorded for all amounts due for work performed and goods or services supplied. Valuation allowances are provided when collection is considered doubtful.

Loans, advances and mortgages receivable are recorded at cost. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenses by providing valuation allowances Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

Investments are recorded at cost and are written down when there is a loss in value that is other than a temporary decline.

Tangible capital assets held by the Province are recorded at cost or estimated cost less accumulated amortization.

Unrealized foreign exchange gains or losses are deferred and amortized on a straight line basis over the remaining term of the debt.

(v) *Liabilities*

Other liabilities are recorded for all amounts due for work performed, goods or services received or for charges incurred in accordance with the terms of a contract.

Deferred revenue represents amounts received but not earned.

Debenture and other debt, except treasury bills, are recorded at face value. Treasury bills are recorded at net proceeds.

The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect on that date.

(vi) *Government Transfers*

Government transfers are recognized by the Province as revenues or expenses in the period during which both the payment is authorized and any eligibility criteria are met.

(vii) *Loan Guarantees*

The Province has guaranteed the repayment of principal and interest on certain debentures and bank loans on behalf of Crown corporations, municipalities, private sector companies and certain individuals. A provision for losses on these guarantees is established when it is determined that a loss is likely.

(c) Generally Accepted Accounting Principles

The accounting policies followed in the preparation of these financial statements have been applied consistent with generally accepted accounting principles for senior governments as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

2. Cash and Temporary Investments

Cash and temporary investments consist of:

	31 March 2008	31 March 2007
	($mil)	($mil)
Temporary investments - note 14	790.7	446.2
Cash balance (overdraft)	257.9	(12.9)
Total	1,048.6	433.3

Temporary investments consist of investments with financial institutions. As at 31 March 2008, these investments are on call or have maturity dates ranging from 01 April 2008 to 17 April 2008 at interest rates which vary from 3.50% to 3.61%. Cash balances that are in overdraft are reported with Other liabilities on the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Government of Canada - Claims in Process

Consists of:

	31 March 2008	31 March 2007
	($mil)	($mil)
Claims receivable at 31 March not received in April	70.1	46.4
Receipts in April	14.8	20.3
Total	84.9	66.7

4. Deferred Revenue

Consists of:

	31 March 2008	31 March 2007	Change
	($mil)	($mil)	($mil)
Atlantic Accord (2005) - unearned balance of the $2.0 billion advance payment received in 2005-06	1,152.8	1,458.5	(305.7)
Federal government funding for various health care initiatives	50.6	51.7	(1.1)
Federal initiatives in support of post-secondary education, public transit, clean air and climate change, affordable housing and off reserve aboriginal housing	39.8	44.9	(5.1)
Gas tax initiatives	10.8	16.4	(5.6)
Other miscellaneous programs	0.2	1.5	(1.3)
Total Deferred Revenue	1,254.2	1,573.0	(318.8)

The balance as of 31 March 2008 will be recognized as revenue in the periods in which the revenue recognition criteria have been met.

5. Sinking Fund

The value of the sinking funds as recorded in the Newfoundland and Labrador Government Sinking Fund financial statements is reflected in these financial statements.

The Sinking Fund Assets consist of:

	31 March 2008	31 March 2007
	($mil)	($mil)
Investments at cost	522.0	772.4
Amortization of bond discount	86.9	92.7
Investments at amortized cost	608.9	865.1
Cash and receivables less accounts payable	117.9	81.3
Net Sinking Fund Assets - translated at 31 March	726.8	946.4

The net sinking fund assets balance of 726.8 million Canadian dollars as at 31 March 2008 includes 224.7 million U.S. dollars translated to 230.6 million Canadian dollars in accordance with current practice.

The net sinking fund assets balance of 946.4 million Canadian dollars as at 31 March 2007 includes 291.3 million U.S. dollars translated to 336.3 million Canadian dollars in accordance with current practice.

The Province does not anticipate conversion of the U.S. dollars to Canadian dollars as the U.S. funds will be used to retire U.S. debt.

6. Unamortized Unrealized Foreign Exchange Gains and Losses

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2008 or the exchange rate at maturity for these debt and sinking funds retired during the fiscal year. See Schedule F - Debenture and Other Debt. Details of the effect of these translations at year end are outlined in the table below.

The net amortization expense is $10.8 million which represents a credit adjustment (31 March 2007 - $10.9 million-credit adjustment).

	31 March 2008	31 March 2007
	($mil)	($mil)
Foreign exchange gain (loss):		
Debt	226.2	73.9
Sinking funds	(70.5)	(24.1)
Net	155.7	49.8
Total accumulated amortization	66.9	77.7
Net unamortized unrealized foreign exchange gain (loss)	222.6	127.5

7. Provision for Guaranteed Debt

The provision for possible losses on guaranteed debt (see note 12(a)) is nil (31 March 2007 - nil).

8. Retirement Benefits - Group Health and Life Insurance

All retired employees of the Government of Newfoundland and Labrador who are receiving a pension from the Public Service Pension Plan, Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan or the Provincial Court Judges' Pension Plan are eligible to participate in the group insurance program sponsored by Government. All retired teachers who are receiving a pension from the Teachers' Pension Plan are eligible for coverage under the group insurance program sponsored by the Newfoundland and Labrador Teachers Association (NLTA) and cost shared by Government. These programs provide both group health and group life benefits to enrolled retirees.

Under Government's program, the Province contributes 50% towards group health and group life premiums for both employees and retirees. Government also contributes 50% towards group health and group life premiums for both teachers and retirees insured under the programs sponsored by the NLTA, subject to the maximum rates under Government's program. As at 31 March 2008, the plans provided benefits to 17,766 retirees.

Actuarial Valuations

The actuarial valuation which was prepared by the Province's actuaries (valuation date of 31 March 2006) was based on a number of assumptions about future events including an interest rate of 4.67%, Consumer Price Index (CPI) of 3.0%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts.

Group Health and Life Insurance Retirement Benefits Liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

Plan	Estimated Accrued Benefit Obligation	Unamortized Experience Losses	Net Liability 2008	Net Liability 2007	Change
	($mil)	($mil)	($mil)	($mil)	($mil)
Group health retirement benefits	1,565.5	(184.4)	1,381.1	1,279.3	101.8
Group life insurance retirement benefits	72.9	0.3	73.2	72.3	0.9
	1,638.4	(184.1)	1,454.3	1,351.6	102.7

There are no fund assets associated with these plans.

Group Health and Life Insurance Retirement Benefits Expense

In these statements, group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

Plan	Province's Share of Current Period Costs	Interest Expense on the Liability	Province's Current Period Contributions	Current Period Amortization of Experience Changes	Plan Amendments	Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Group health retirement benefits	40.2	69.7	(23.4)	15.3	-	101.8
Group life insurance retirement benefits	1.2	3.0	(3.3)	-	-	0.9
	41.4	72.7	(26.7)	15.3	-	102.7

Interest expense related to the group health and life insurance retirement benefits liability is included with interest as debt expenses in the financial statements. Interest related to group health and life insurance retirement benefits for 31 March 2007 amounted to $67.5 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

9. Retirement Benefits - Pensions

Defined Benefits

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for substantially all of its full time employees, and those of its Agencies, Boards and Commissions and for members of its Legislature. The plans are - the Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan, the Members of the House of Assembly Pension Plan, and the Provincial Court Judges' Pension Plan. Combined, the plans have 34,344 participants as at March 31, 2008.

The Plans provide for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer generally matches this amount. As at 31 March 2008, the plans provided benefits to 21,822 pensioners. Inflation protection is not extended to pensioners of the Uniformed Services Pension Plan or the Members of the House of Assembly Pension Plan nor to pensioners of the Teachers' Pension Plan who retired prior to 01 September 1998.

In 1980, the Province of Newfoundland and Labrador Pooled Pension Fund was established by the *Pensions Funding Act*, with the Minister of Finance as Trustee. This Fund administers all financial activity of these five plans, including the collection of all contributions and the payment of pensions and the investment of funds. The Consolidated Revenue Fund guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

Contribution and Benefit Formulae

Public Service Pension Plan

Employee contributions are 8.6% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced by a formulated amount representing CPP pension benefits for each year since 1967.

During 2006-07 plan legislation was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Teachers' Pension Plan

Employee contributions are 9.35% of pensionable salary. A pension benefit is available based on the number of years of pensionable service prior to 1 January 1991 times 1.45th of the employee's best five years average salary, plus 2% of the employee's best five years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP pension benefits for each year since 1967. The CPP reduction only applies to pensioners who retired after 31 August 1998.

During 2006-07 plan legislation was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Uniformed Services Pension Plan

Employee contributions are 8.5% of pensionable salary, less a formulated amount representing contributions to the CPP. A pension benefit is available based on the number of years pensionable service times 2% of the employee's best three years average salary, reduced by a formulated amount representing CPP pension benefits since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

Members of the House of Assembly Pension Plan

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 1 April 1998, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. The accrued benefit is reduced by a formulated amount representing CPP pension benefits for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

During 2005-06 the *Members of the House of Assembly Retiring Allowances Act* was enacted to restructure the Members of the House of Assembly Pension Plan into two components based on limits set out in the federal *Income Tax Act*. The first, or Registered component, will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund. The second, or the Supplementary Employee Retirement component, will be administered in the accounts of the Consolidated Revenue Fund.

Provincial Court Judges' Pension Plan

Effective 01 April 2002 (pursuant to the *Provincial Court Judges' Pension Plan Act* enacted 08 June 2004) the Provincial Court Judges' Pension Plan was established with then-existing judges being given the one-time option of transferring from the Public Service Pension Plan. All judges appointed subsequent to 01 April 2002 are required to join this Plan. Employee contributions are 9% of pensionable salary. A pension benefit is available based on the number of years pensionable service times 3.33% of the employee's annual salary. The Registered component of the Plan, administered within the Province of Newfoundland and Labrador Pooled Pension Fund, provides benefits based on limits set out in the federal *Income Tax Act* with the remainder of the benefit provided by the Supplementary component. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund.

Actuarial Valuations

The actuarial valuations which are prepared by the Province's actuaries were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts. The expected interest and inflation rates follow:

Expected Interest Rates

The expected average interest rate for the Public Service Pension Plan is 7.5%. The expected rate for the Teachers' Pension Plan is 7.5% projected on a long term basis. The expected rate for the Uniformed Services Pension Plan is 7.5% projected on a long term basis. The expected rate for the Members of the House of Assembly Pension Plan is 7.5% for the Registered component and 4.66% for the Supplementary Employee Retirement component, projected on a long term basis. The expected rate for the Provincial Court Judges' Pension Plan is 7.0% for the Registered component and 4.685% for the Supplementary Employee Retirement component, projected on a long term basis.

Expected Inflation Rates

The expected inflation rate for all pension plans is 3.0%.

The latest actuarial valuations for the Province's pension plans, according to the administrators of those plans, are dated as listed in the following table:

Pension Plan	Valuation Date
Public Service	31 December 2006
Teachers'	31 August 2006
Uniformed Services	31 December 2005
Members of the House of Assembly	31 December 2006
Provincial Court Judges'	31 December 2007

Actuarial extrapolations are provided for accounting purposes by the Province's actuaries based on the above dates, unless otherwise noted.

Pension Liability

Details of the pension liability are outlined in the table below. The estimated accrued benefit obligation and the value of the plan assets reported below have been extrapolated by the Province's actuaries to 31 March 2008. The actual results of future valuations may result in variances from these extrapolations.

Pension Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Gains (Losses)	Net Unfunded Liability 2008	Net Unfunded Liability 2007	Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Public Service	4,819.2	3,543.9	(363.7)	911.6	1,426.4	(514.8)
Teachers'	3,486.3	2,868.8	(347.3)	270.2	237.4	32.8
Uniformed Services	293.4	69.7	(21.4)	202.3	184.5	17.8
Members of the House of Assembly	88.0	11.9	(17.3)	58.8	54.8	4.0
Provincial Court Judges'	7.8	2.2	(0.4)	5.2	4.6	0.6
Total	$8,694.7	$6,496.5	($750.1)	$1,448.1	$1,907.7	($459.6)

Pension Fund Assets are valued at the market value at 31 December 2007 and projected to year end.

Special Payments

Pursuant to the applicable pensions legislation, the Province had agreed to make special payments of $60 million annually into the Public Service Pension Plan as long as the plan remains unfunded. The agreement was amended during 2006-07 to replace this annual funding as a result of the commitment of the Province to make a one time total contribution of $982 million to the Public Service Pension Plan to help address the unfunded liability. Of the additional $982 million contribution, $582 million was made during 2007-08 which concluded this commitment. Also, commencing in 2001-02, the Province began making annual payments of $7.5 million to the Members of the House of Assembly Pension Plan, however, these payments will only be allowable under the federal *Income Tax Act* to the extent that they fully fund the Registered component of the Plan. There were no special payments made to the Members of the House of Assembly Pension Plan in 2007-08.

Pension Expense

In these statements, pension costs have been determined as the cost of benefits accrued during the period. Interest on the unfunded liability has been accrued for the same period.

The change in the unfunded liability for the current period for each plan is comprised of the following amounts:

Pension Plan	Province's Share of Pension Benefits Earned for the Period	Pension Interest Expense on the Unfunded Liability	Province's Current Period Pension Contributions	Current Period Amortization of Experience Changes	Other Adjustments	Unfunded Portion of Current Period Pension Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Public Service	5.5	72.3	(604.7)	12.1	-	(514.8)
Teachers'	23.5	22.5	(34.7)	21.5	-	32.8
Uniformed Services	3.4	15.0	(2.6)	2.0	-	17.8
Members of the House of Assembly	2.9	3.3	(5.7)	3.5	-	4.0
Provincial Court Judges'	0.5	0.3	(0.1)	(0.1)	-	0.6
Total	$35.8	$113.4	($647.8)	$39.0	-	($459.6)

Pension interest expense is included with interest as debt expenses in the financial statements. Pension interest expense for 31 March 2007 amounted to $171.5 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active contributors. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

Other Pension Plans

The Government Money Purchase Pension Plan was established for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has approximately 27,595 participants. Employees contribute 5% of their salary to the Plan and the Province generally matches this contribution. Each employee will receive an annuity at retirement, the value of which is determined by their accumulated contributions plus investment earnings. This Plan is administered by the London Life Insurance Company and at 31 March 2008 assets had a market value of $223.3 million (31 March 2007 - $224.7 million).

10. Current and Capital Account

The annual surplus of $1,222.0 million (31 March 2007 - surplus of $44.7 million) is comprised of a surplus on the current account of $1,467.5 million (31 March 2007 - surplus of $231.3 million) and a deficit on the capital account of $245.5 million (31 March 2007 - deficit of $186.6 million). The classification of revenue and expenses between current account items and capital account items follow the classifications as per the Estimates for the purposes of categorizing the annual deficit.

11. Amounts Capitalized

Funds advanced to Crown agencies may be in the form of investments in such agencies or as loans or advances. Payments and receipts related to principal portions of these loans, advances and investments are capitalized on the Statement of Financial Position. Depending upon the relevant legislation and/or particular circumstances under which a Crown agency is established, the profits generated by their operations may be: (a) turned over to the Province and recorded as revenue; (b) used to repay loans and advances made to the agency by the Province; or (c) retained by the agency.

Amounts capitalized for 31 March 2008 amounted to $11.5 million (31 March 2007 - $3.1 million). See Schedule K - Reconciliation of Budgetary Contribution (Requirement) to Accrual.

12. Contingent Liabilities

(a) Guarantees

Guarantees made by the Province as at 31 March 2008 amounted to $1,865.1 million (31 March 2007 - $1,916.4 million). In addition, the Province guaranteed the interest thereon. See Schedule G - Guaranteed Debt.

(b) Legal Actions

(i) There have been a number of statements of claim alleging negligence on the part of Government employees and agencies in not preventing abuse while these claimants were under Government care.

(ii) A number of claims have been filed against the Province for alleged breaches of contracts and/or tenders as well as for general damages and personal claims pursuant to action initiated by the Province.

(c) Other

(i) *Registrar of the Supreme Court*

The Province of Newfoundland and Labrador guarantees all sums required to discharge the balances of the Registrar of the Supreme Court as administrator, guardian, trustee, etc. (*Judicature Act*).

NOTES TO THE FINANCIAL STATEMENTS (continued)

(ii) *Pensions*

a) Province of Newfoundland and Labrador Pooled Pension Fund

Pursuant to Section 9 of the *Pensions Funding Act*, the Consolidated Revenue Fund is liable for any deficiency in the Province of Newfoundland and Labrador Pooled Pension Fund covered by that Act. See note 9.

b) Memorial University of Newfoundland Pension Fund

Pursuant to Section 6 of the *Memorial University Pensions Act*, if there is insufficient money in the Memorial University of Newfoundland Pension Fund to provide for the payment of applicable expenditures as they fall due, the Consolidated Revenue Fund is liable for payment of an amount to cover the deficiency. As at 31 March 2008, the Memorial University of Newfoundland Pension Plan had a net unfunded pension liability for funding purposes of $117.2 million. However, there currently exists sufficient money in the Fund for the payment of expenditures as they fall due.

(iii) *Trust Accounts*

Generally, the Province is contingently liable for any shortage that may occur for certain funds held in trust by the Province. Currently, all obligations held have an offsetting asset. See Schedule I - Trust Accounts.

(iv) *Canadian Saltfish Corporation*

On 17 July 1970, the Province entered into an agreement with the Government of Canada for the marketing of saltfish products by the Canadian Saltfish Corporation (the Corporation), pursuant to the *Saltfish Act*. The Agreement provided that the Province is required to pay to the Government of Canada a proportional share of 50 per cent of the losses of the Corporation. This share is based on the total value of annual sales of cured fish products applicable to each participating province.

On 19 February 1993, the Government of Canada requested that the Province compensate it for losses incurred to 31 March 1992. The amount which the Government of Canada calculated as the Province's share of the losses was $21.6 million.

The Corporation was dissolved with effect from 1 April 1995, so that resolution of the matter will be between the Government of Canada and the Province. However, the Province takes the position that for a number of reasons, including the fact that the Corporation engaged in activities beyond its mandate as determined by the Auditor General of Canada and confirmed by the Department of Justice of Canada, it is not liable for the amount claimed.

(v) *Newfoundland and Labrador Student Loans Program*

Under the loan guarantee component of this Program, the Province has issued guarantees totalling $0.1 million. Under the debt reduction component of the Program, the Province is contingently liable for possible grants totalling $20.7 million and of this amount, $15.5 million has been recorded as a provision for likely amounts payable related to student loans due to the debt reduction program. See Schedule E - Other Liabilities.

(vi) *Environmental Responsibility*

As a result of delivering its stated programs and initiatives, there are a number of sites throughout the Province which are considered potentially contaminated sites. A liability will be accrued in the financial statements when it has been determined that the Province is liable for a site which has become contaminated and where a reasonable estimate of the remediation costs can be made. To date, $8.3 million has been recorded (see Schedule E - Other Liabilities). Where it is uncertain as to whether an obligation exists for the Province to remediate a contaminated site, then information on any such sites will be disclosed as contingent liabilities.

As at 31 March 2008, while the Province is aware of a number of contaminated sites, the full extent of the remediation costs for these known sites is not readily determinable. It is the responsibility of the departments to identify any other potentially contaminated sites which are owned by the Province and to collect the information necessary to assess the extent or likelihood of any environmental damage. As contaminated sites are identified, additional environmental liabilities may be recognized or contingent liabilities disclosed due to newly identified sites and/or changes in the assessments of currently known sites.

13. Contractual Obligations

Contractual obligations to outside organizations in respect of contracts entered into before 31 March 2008 amount to $304.7 million of which $151.5 million is for capital projects, $46.8 million for information technology services, $42.9 million for ferry services, $23.7 million for forestry management, $22.3 million for lease payments, $16.5 million for other projects, and $1.0 million for phone services.

These contractual obligations will become liabilities and expenses of the Consolidated Revenue Fund when the terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

14. Cash Requirements

The following summarizes the actual cash requirements, borrowings and utilization of the borrowings in excess of cash requirements for the year ended 31 March 2008. The total borrowing requirements have been adjusted for the modifications to the cash basis of accounting to arrive at the cash requirement. Please refer to the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the year ended 31 March 2008 for further information on the calculation of the Total Borrowing Requirements of $110.0 million noted below.

	31 March 2008
	($000)
Total Borrowing Requirements	(110,014)
Add (Deduct):	
Treasury bill borrowing repayments	(2,477,141)
Temporary investments 1 April 2007	446,208
Writeback expenditure - 2008	196,503
Writeback expenditure - 2007	(134,209)
Federal trust funds	(3,372)
Writeback revenue - 2008	(14,810)
Writeback revenue - 2007	20,336
Special purpose funds	4,929
Contractors holdback funds	5,168
Prior year's expenditure cheques recovered	(513)
Other adjustments	1
Total Cash Requirements	(2,066,914)
Borrowings:	
Treasury bill borrowings	2,478,444
Debenture borrowings	650,000
Increase (Decrease) in bank overdraft	(270,817)
Total Borrowings	2,857,627
Temporary Investments 31 March 2008	790,713

15. Mining Taxes

The Province remits a percentage of mining revenues received as taxes per the Labrador Inuit Land Claims Agreement and the Memorandum of Agreement concerning the Voisey's Bay Project. As at 31 March 2008, the Statement of Financial Position includes a payable of $28.9 million in relation to these agreements (31 March 2007 - $2.8 million).

16. Subsequent Events

(a) Hebron-Ben Nevis Oil Field Agreement

The Province signed a formal agreement on 20 August 2008 with industry partners to develop the Hebron-Ben Nevis oil field. The Province acquired through the Energy Corporation of Newfoundland and Labrador, a wholly owned entity, a 4.9% equity stake in the project which is projected to result in a significant amount of revenues over the 25 year life of the project. The Province has delivered a guarantee to the partners of the agreement for the obligations arising from the equity stake. The guarantee is staged over the life of the project with the maximum Provincial exposure estimated to be $250 million once the project reaches the production phase.

(b) Foreign Exchange

Subsequent to 31 March 2008, a significant, unfavourable change in the US dollar exchange rate occurred. As at the 14 November 2008 (date of Auditor's Report), the foreign exchange rate for one US dollar was $1.2247, a decrease of $0.1982 over the $1.0265 rate at year end. If the foreign exchange rate had been $1.2247 at 31 March 2008, there would have been an increase in foreign exchange losses of $163.6 million.

(c) Pension Fund Assets

Subsequent to 31 March, 2008, a significant decline in the market value of the pension fund assets has occurred. Pension fund assets have declined from $6,496.5 million as at 31 March 2008 to $5,027.5 million as at 14 November 2008 (date of Auditor's Report). This decline is largely attributable to the effects that the global economic uncertainty has had on the financial markets. Such experience losses are amortized to expense over the estimated average remaining service life beginning in the year subsequent to the year in which the experience gain or loss arose.

17. Measurement Uncertainty

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available. Some examples of where measurement uncertainty exists are the accrual of retirement benefits, the amortization of foreign exchange gains or losses, the allowance for guaranteed debt and the accrual of self-insured workers' compensation benefits.

18. Original Estimates

Certain amounts in the 2007-08 Estimates shown for comparative purposes were prepared on the accrual basis.

The primary focus of the accrual budget information presented in the 2007-08 Estimates was to adhere to the more general format of the Consolidated Statement of Operations in Volume I. The details of the budgeted revenue and expense items that comprised the annual surplus amount of $164.9 million (consistent with the more detailed format of the non-consolidated Statement of Operations in Volume II) were not disclosed in the 2007-08 Estimates but rather were obtained from internal documentation used to calculate the budgeted surplus disclosed in the 2007-08 Estimates. In addition, an amount for Net Debt was also obtained from internal documentation.

In arriving at the original estimate figures on the Statement of Operations, implicit costs associated with the acquisition of tangible capital assets, which were eliminated from these items, were estimated based on a reasonable allocation methodology.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Segment Disclosure

In accordance with generally accepted accounting principals for senior governments, the Province has adopted a new accounting standard that discloses revenue and expense by sector (see Schedule J - Revenue and Expense by Sector).

20. Additional Notes

In addition to the aforementioned, there are various other notes disclosed in the schedules which follow.

21. Comparatives

Certain of the 31 March 2007 financial statement figures and related schedules have been restated to be consistent with the 31 March 2008 statement presentation.

Schedule A

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Accounts and Taxes Receivable
As at 31 March 2008
with comparative figures for 2007

	2008	2007
	($000)	($000)
Accounts Receivable:		
Offshore royalties	435,066	133,040
Crown agencies working capital and unremitted profits	50,209	58,050
Student loans	35,021	35,562
Court fines	31,743	28,407
Social assistance overpayments	29,514	28,310
Miscellaneous/other receivables	11,143	13,218
Rent and other royalties/permits to occupy	5,994	9,186
Reciprocal billings - medical services	5,567	4,182
Due from Government of Canada	5,270	4,199
Workplace, Health, Safety and Compensation Commission	2,999	3,267
Accident claims recoveries	1,451	438
Accrued interest on temporary investments	1,416	1,113
Atlantic Lottery Corporation Incorporated	1,250	2,172
Due from Members of the House of Assembly	1,057	1,301
Due from municipalities	879	1,181
Fees and licences	791	1,125
Province of Newfoundland and Labrador Pooled Pension Fund	506	1,155
Medical care plan audit recoveries	423	420
Travel advances	182	150
Total Accounts Receivable	620,481	326,476
Taxes Receivable:		
Sales tax	64,378	64,393
Mining and mineral rights tax	20,402	75,522
Gasoline tax	11,535	11,761
School tax	10,020	19,601
Tobacco tax	9,424	8,808
Health and post secondary education tax	8,550	8,111
Insurance companies tax	3,348	3,526
Forest management tax	723	1
Miscellaneous/other taxes	158	223
Total Taxes Receivable	128,538	191,946
Total Accounts and Taxes Receivable	749,019	518,422

NOTE

The allowance for doubtful accounts for 31 March 2008 is $77.6 million (31 March 2007 - $86.9 million).

Schedule B

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Mortgages Receivable
As at 31 March 2008
with comparative figures for 2007

	2008	2007
	($000)	($000)
Crown Agencies:		
Business Investment Corporation - note 1	54,357	54,357
C.A. Pippy Park Commission	250	250
Newfoundland and Labrador Film Development Corporation	6,819	6,819
Newfoundland and Labrador Industrial Development Corporation - note 2	29,412	29,412
Total Crown Agencies	90,838	90,838
Commercial Loans:		
A. L. Stuckless & Sons Limited	1,217	1,217
Atlantic Fisheries Limited	980	980
Cote's Mechanical Limited	200	200
Doyle, James & Sons Ltd.	771	771
Easteel Industries Limited	3,658	3,658
Eastern Ocean Products Limited	163	163
George Sexton Limited	50	50
Grandy, Gordon	90	90
Griffiths Guitars International Inc.	424	394
Hughes, Vincent	50	50
Island Seafoods Products Limited	209	230
Keats, Eric	102	102
Koby Seat Inc.	2	-
Mediclink Systems Limited	58	58
Melindy, John	191	191
Newfound Harvesting Limited	2,727	2,727
Newman, Raymond	162	162
Northeast Coast Sealers Co-op Society Limited	378	378
O'Rourke, Rupert	337	337
Pittman, Thomas	93	93
Pumphrey, Gerry	537	537
Saunders, Ralph	61	61
Seaward, Alphonsus	99	99
Sexton Lumber Limited	-	44
Short, William	262	262
Superior Waterproof Coatings NF & LB Inc.	154	-
Sweet, Roy	49	49
Vokey's Shipyard Limited	100	100
Whelan, Ormond	853	853
White's Fisheries Limited	50	50
Wilson, Ronald and Curtis, Kevin	299	299
Total Commercial Loans	14,326	14,205

LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

	2008	2007
	($000)	($000)
Other Organizations:		
Gros Morne Mortgages	64	63
Municipalities	474	592
Total Other Organizations	538	655
Total Loans, Advances and Mortgages Receivable	105,702	105,698
Current portion	11,600	11,601
Long-term portion	94,102	94,097
	105,702	105,698

NOTES

1. Business Investment Corporation

The Province advanced funds to Business Investment Corporation for the purpose of making loans and equity investments to enable it to carry out its mandate. The advances were non-interest bearing and had no fixed terms of repayment or maturity date.

2. Newfoundland and Labrador Industrial Development Corporation

Funds are advanced to Newfoundland and Labrador Industrial Development Corporation for the purpose of providing long-term financing to industrial and resource based companies. The Province holds non-interest bearing notes with no fixed terms of repayment or maturity dates. Any balance available out of net profits or equity redemptions is to be paid to the Province at such intervals and in a manner that the Minister of Finance may direct.

Subsequent to year end, the Legislature of the Province passed the *Energy Corporation of Newfoundland and Labrador Water Rights Act*, which extinguished NIDC's water rights to Lower Churchill river, without any compensation. These water rights, valued at $30.0 million, had been purchased by NIDC with funding provided by the Province. Since there is no prospect of repayment of the corresponding long term debt by NIDC, the amount of $29.4 million has been included in the allowance for doubtful accounts.

3. Interest Rates and Loan Terms

As disclosed in notes 1 and 2 above, advances to Business Investment Corporation and Newfoundland and Labrador Industrial Development Corporation are non-interest bearing and have no fixed terms of repayment or maturity date. In addition, advances to the C.A. Pippy Park Commission and the Newfoundland and Labrador Film Development Corporation are also non-interest bearing and have no fixed terms of repayment or maturity date. Interest rates on all other loans range from Prime +1% to 14% and are repayable over terms not exceeding twenty-five years.

4. Interest Receivable

The balances include interest receivable at year-end of $3.4 million (31 March 2007 - $3.5 million) where applicable. The amount consists of interest due and unpaid, late interest charges and accrued interest.

5. Allowance for Doubtful Accounts

The allowance for doubtful accounts for 31 March 2008 is $104.6 million (31 March 2007 - $75.4 million).

Schedule C

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Investments
As at 31 March 2008
with comparative figures for 2007

Description of Investment	Net Additions	Balance 31 March 2008 No. of Shares	Balance 31 March 2008 Cost	2007 Cost
	($000)		($000)	($000)
Preferred Shares:				
Atlantic Ocean Farms Limited Class "A", redeemable	-	289,655	290	290
Blue Line Innovations Inc. - Class "B" - note 1	-	5,000	500	500
Cold Ocean Salmon Inc. - Class A - note 2	7,250	7,250	7,250	-
Country Ribbon Inc. - note 3	-	4,500	4,500	4,500
CHC Composites Inc. Series I - note 4	(4,750)	-	-	4,750
CHC Composites Inc. Series II - note 4	(1,000)	-	-	1,000
Orphan Industries Limited - Class "B"- note 5	-	97,000	970	970
Pixecur Technologies Inc. redeemable - note 6	400	4,000	400	-
Total Preferred Shares Investments	1,900		13,910	12,010
Common Shares:				
ACF Equity Atlantic Inc.	-	2,390,000	2,231	2,231
Atlantic Lottery Corporation Inc.	-	1	-	-
Bull Arm Site Corporation Inc.	-	3	-	-
Consilient Technologies Corporation - Class "B" - note 7	-	568,182	500	500
Dockside Appetizers Ltd. - note 8	31	310	31	-
Hurley Slate Works Company Inc. - Class "B"	-	400	400	400
Inter-Provincial Lottery Corporation	-	1	-	-
Jackman BrandMarketing Inc. Class "B" - note 9	125	1,250	125	-
Manitoba Telecom Services Inc. - note 10	-	126	-	-
Marble Mountain Development Corporation	-	500	-	-
Marble Mountain Management Corporation	-	500	-	-
MedicLink Systems Ltd Class "A" - note 11	352	3,517	352	-
Municipal Assessment Agency	-	1	-	-
Newfoundland and Labrador Film Development Corporation	-	600	-	-
Newfoundland and Labrador Hydro Electric Corporation	-	22,503,942	10,187	10,187
Newfoundland and Labrador Immigrant Investor Fund Ltd	-	3	-	-
Newfoundland and Labrador Student Investment and Opportunity Corporation	-	1	-	-
Newfoundland Government Fund Limited	-	2	-	-
Newfoundland Hardwoods Limited	-	253	26	26
Newfoundland Ocean Enterprises Limited	-	3	3	3
Newlab Clinical Research Inc. Class "A" - note 12	500	5,000	500	-
Northern Radar Inc. Class "C" - note 13	375	3,749	375	-

INVESTMENTS (continued)

Description of Investment	Net Additions	Balance 31 March 2008 No. of Shares	Balance 31 March 2008 Cost	2007 Cost
	($000)		($000)	($000)
Rooms Corporation of Newfoundland and Labrador Inc.	-	500	-	-
SAC Mfg. Inc. Class "B" - note 14	-	500	500	500
Special Celebrations Corporation of Newfoundland and Labrador Inc	-	500	-	-
Trans Ocean Gas Inc. - note 15	-	18,000	90	90
Virtual Marine Technology Inc. Class "A" - Note 16	450	5,000	450	-
Total Common Shares Investments	1,833		15,770	13,937
Other:				
Newfoundland and Labrador Housing Corporation - note 17	-	-	62,852	62,852
Total Other Investments	-	-	62,852	62,852
Total Investments	3,733		92,532	88,799

NOTES

1. **Blue Line Innovations Inc.**

   During 2005-06, the Province purchased 5,000 non-voting, Class "B" Preference shares at an aggregate cost of $500,000. These shares are redeemable at the rate of $100 each based upon the attainment of specified income and cash flow amounts beginning with the year ending 31 March 2007. All shares must be redeemed by no later than 31 March 2013.

2. **Cold Ocean Salmon Inc.**

   During the year, the Province purchased 7,250 Class A Preference shares of Cold Ocean Salmon Inc. at a cost of $7,250,000. The shares will earn a dividend of 3.5% becoming payable no later than March 2011 with share redemption to commence in 2022 and conclude in 2031. Depending on the level of incremental capital investment by the company, dividends payable may be offset and share redemption may be deferred until 2031.

3. **Country Ribbon Inc.**

   County Ribbon Inc. issued preference shares valued at $4.5 million to refinance a loan of $1.9 million and in exchange for a cash payment of $2.6 million from the Province. Commencing in 2007, these shares are redeemable by the company based on after tax earnings and subject to certain terms and conditions.

4. **CHC Composites Inc.**

   The Province had purchased 95,000 preference shares of CHC Composites Inc., at a cost of $9.5 million. The preference shares are redeemable at a nominal value based upon a pre-determined number of person years of employment to be created. On 8 November 2004, 47,500 preference shares, Series I, were redeemed.

   On 11 July 2003, the Province purchased 10,000 preference shares, Series II, of CHC composites Inc., at a cost of $1,000,000. These shares were redeemable subject to certain terms and conditions.

   The company has provided the Province with documentation confirming that the employment targets associated with these shares have been met as at 30 September 2007. Consequently, these shares became redeemable at nominal value and the investment has been written off.

INVESTMENTS (continued)

5. Orphan Industries Limited

During 2006-07, the Province purchased 97,000 Class "B" Preferred shares at a cost of $970,000. These shares are conditionally retractable, at the Province's option, upon the occurrence of certain future events, but in any event must be redeemed no later than 31 August 2020.

6. Pixecur Technologies Inc.

The Province purchased 4,000 preferred shares at a cost of $400,000, redeemable based on the attainment of specific annual after tax cash flow amounts, beginning with the year ending 30 June 2009. All shares must be redeemed no later than 30 September 2018.

7. Consilient Technologies Corporation

The Province acquired 568,182 Class "B", non-voting Common shares in return for a $500,000 repayable investment. These shares are cancellable on a pro-rata basis as the invested amount is repaid to the Province, with the repayment conditional upon Consilient Technologies Corporation raising specified amounts of additional funding.

8. Dockside Appetizers Ltd.

The Province purchased 310 common shares at a cost of $31,000. The investment will be redeemed based on the attainment of specific annual after tax cash flow amounts beginning with the year ending 31 August 2008. All shares must be redeemed no later than 30 April 2017.

9. Jackman BrandMarketing Inc.

The Province purchased 1,250 Class "B" common shares at a cost of $125,000. The investment will be redeemed based on the attainment of specific annual after tax cash flow amounts beginning with the year ending 31 December 2008. All shares must be redeemed no later than 31 December 2017.

10. Manitoba Telecom Services Inc.

As part of arrangements made to restructure debt under the *Companies' Creditors Arrangement Act*, AT&T Canada Inc. issued both Class A and Class B common shares to the Province on 1 April 2003. AT&T Canada Inc. emerged from protection under the *Companies' Creditors Arrangement Act* and a new parent company, New AT&T Canada Inc. was incorporated under the *Canada Business Corporations Act*. On 18 June 2003, New AT&T Canada Inc. changed its name to Allstream Inc. Allstream Inc. was subsequently acquired by Manitoba Telecom Services Inc. which issued 126 common shares, dated 4 June 2004, to the Province.

11. Mediclink Systems Ltd.

The Province purchased 3,516.98 Class A common shares at a cost of $351,698. The investment will be redeemed based on the attainment of specific annual after tax cash flow amounts beginning with the year ending 31 December 2008. All shares must be redeemed no later than 31 December 2017.

12. Newlab Clinical Research Inc.

The Province purchased 5,000 Class A common shares at a cost of $500,000. Commencing with the year end 30 November 2008, shares will be redeemed based on the attainment of specific after tax cash flow amounts. All shares must be redeemed no later than 30 November 2018.

13. Northern Radar Inc.

The Province purchased 3,749 Class "C" common shares at a cost of $374,900. Should the corporation fail to perform certain conditions, at the discretion of the Minister, the shares shall convert into a debt owing to the Province. The common shareholders may, at any time, purchase the Class "C" shares.

INVESTMENTS (continued)

14. SAC Mfg. Inc.

During 2006-07, the Province acquired 500 Class "B"Common shares at a cost of $500,000. Commencing in June 2007, these shares are conditionally redeemable based on after tax earnings. All shares must be redeemed no later than 19 December 2016.

During 2007-08, the company ceased operations and, as there is now no reasonable prospect for redemption of these shares, the full amount of the investment has been included in the provision for investment write-downs.

15. Trans Ocean Gas Inc.

During 2005-06, the Province offered this company up to $100,000 in the form of an interest free repayable contribution to assist its research and development activities. In return for its investment, the Province would be issued Class "B" non-voting, non-interest bearing common shares. As at 31 March 2007, the Province had invested $90,000 and been issued 18,000 shares. These shares are redeemable based on the achievement of certain project milestones but, in any event, must be redeemed no later than 22 March 2015.

16. Virtual Marine Technology Inc.

The Province purchased 5,000 Class A common shares at a cost of $500,000. Of this total, $450,000 had been advanced as at 31 March 2008, with the balance held back pending delivery of certain financial information which remains outstanding. Subsequent to 31 March 2008, the equity investment was converted to a conditionally repayable loan. The 5,000 common shares were then cancelled and returned to the company.

17. Newfoundland and Labrador Housing Corporation

This investment represents accumulated capital advances made by the Province to the Corporation. These advances are utilized by the Corporation to develop housing projects, land assemblies, etc. Consequently, the Province's investment is represented by certain physical assets which are held by the Corporation.

18. Allowance for Investment Write-downs

The allowance for investment write-downs for 31 March 2008 is $3.3 million (31 March 2007 - $9.0 million).

Schedule D

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Tangible Capital Assets
As at 31 March 2008
with comparative figures for 2007

	Original Cost				Accumulated Amortization				
Category	Balance 31 March 2007	Additions 2008	Disposals 2008	Balance 31 March 2008	Balance 31 March 2007	Amort. Net of Disposals 2008	Balance 31 March 2008	Net Book Value 31 March 2008	Net Book Value 31 March 2007
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Buildings	904.4	15.5	3.8	916.1	491.4	15.0	506.4	409.7	413.0
Marine vessels & aircraft	91.9	-	-	91.9	71.2	3.0	74.2	17.7	20.7
Equipment & machinery	117.0	16.9	6.2	127.7	76.1	2.9	79.0	48.7	40.9
Infrastructure	3,845.2	13.6	-	3,858.8	3,290.8	45.5	3,336.3	522.5	554.4
Computer software	47.7	2.3	-	50.0	29.1	5.5	34.6	15.4	18.6
Sub-total	5,006.2	48.3	10.0	5,044.5	3,958.6	71.9	4,030.5	1,014.0	1,047.6
Work in progress				189.4				189.4	85.3
Total				5,233.9				1,203.4	1,132.9

NOTES

1. Tangible Capital Assets

Tangible capital assets are capitalized on the Statement of Financial Position with the cost of the assets amortized over the estimated useful life of the assets. Fully amortized tangible capital assets are recorded at gross cost and accumulated amortization.

2. Work In Progress

Work in progress is considered to be a tangible capital asset, however it is not amortized as it is not yet available for use. Government currently has a number of projects under construction or development with a total for 31 March 2008 of $189.4 million (31 March 2007 - $85.3 million) having been spent on these projects to date. Upon completion, these assets are recorded in the appropriate category in the schedule. The additions of $48.3 million include $5.2 million of work in progress assets that have been capitalized in the year. Additions to work in progress assets amount to $109.3 million for 2007-08.

3. Amortization Expense

Amortization net of disposals in the amount of $71.9 million as reported in the schedule consists of amortization expense of $81.6 million less accumulated amortization on assets disposed of in the year in the amount of $9.7 million.

Amortization net of disposals as at 31 March 2007 was $77.3 million which consisted of amortization expense of $87.5 million less accumulated amortization on assets disposed of in the year in the amount of $10.2 million.

TANGIBLE CAPITAL ASSETS (continued)

4. Estimated Useful Life

The historic cost of the assets is estimated in many cases, and amortization is calculated on a straight line basis over the following useful lives:

Asset	Estimated Useful Life
Buildings	40 years
Marine vessels & aircraft	
Marine vessels	20 years
Aircrafts	20 years
Equipment & machinery	
Heavy machinery and equipment	20 years
Snow removal machinery and equipment	10 years
Office/other machinery and equipment	10 years
Vehicles	5 years
Computer hardware	4 years
Infrastructure	
Roads	20 years
Airstrips	20 years
Marine facility infrastructure	20 years
Other infrastructure assets	20 years
Land	indefinite
Bridges	40 years
Computer software	7 years

5. Historical or Cultural Assets

In accordance with current accounting standards, certain assets which have historical or cultural value belonging to the Province are not included in this schedule. Such assets consist of paintings, sculptures, historical documents, and historical and cultural artifacts.

6. Intangible and Inherited Assets

Intangible assets and items inherited by right of the Crown, such as Crown lands, forest, and mineral resources, are not recognized as tangible capital assets in accordance with current accounting standards.

7. Leased Assets

The gross amount of leased tangible capital assets is $38.2 million (31 March 2007 - $37.4 million), amortization expense is $1.2 million (31 March 2007 - $1.3 million) and accumulated amortization is $18.5 million (31 March 2007 - $17.4 million). These are included in the appropriate category in the schedule.

Schedule E

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Other Liabilities
As at 31 March 2008
with comparative figures for 2007

	2008	2007
	($000)	($000)
Due to Government of Canada - note 1	454,213	510,989
Due to municipalities	281,393	316,922
Accounts payable write-backs	196,503	134,209
Accrued interest	176,798	180,055
Salaries and benefits	157,080	144,603
Taxes payable	56,712	13,031
Offshore royalties	31,613	17,155
Capital leases - note 2	31,613	30,574
Self-insured workers' compensation benefits - note 3	31,425	29,215
Physician services	29,639	30,498
Accounts payable - other	19,790	19,595
Provision for student loan debt reduction	15,546	18,219
Special purpose funds - note 4	13,419	8,490
Contractors' holdbacks	9,455	4,287
Environmental liabilities	8,274	7,326
Reciprocal billing - hospital services payable	5,448	5,250
St. Clare's Hospital - purchase	5,250	6,000
Due to Crown Agencies	4,246	5,014
Bank overdraft	-	12,919
	1,528,417	1,494,351

NOTES

1. Due to Government of Canada

The total due to the Government of Canada is $454.2 million. This amount is comprised of $302.7 million for an Equalization loan, $120.8 million for Equalization overpayments and $30.7 million for Health and social transfer overpayments.

2. Capital Leases

Interest rates for all capital leases range from 7.00% to 11.50% and have repayment schedules ranging in duration from less than a year to 16 years.

3. Self-Insured Workers' Compensation Benefits

The amount of $31.4 million relates to the self-insured workers' compensation benefits liability as at 31 March 2008 (31 March 2007 - $29.2 million). During the 2007-08 fiscal year, an actuarial valuation as of 31 December 2007, with disclosures as at 31 March 2008, was obtained for the Province's self-insured workers' compensation benefits.

4. Special Purpose Funds

Included in this schedule are funds totalling $13.4 million (31 March 2007 - $8.5 million) considered to be special purpose funds whereby payments are made specifically for these purposes. Pursuant to Section 22(a) of the *Financial Administration Act*, appropriations are not required for these payments.

Schedule F

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Debenture and Other Debt
As at 31 March 2008
with comparative figures for 2007

Series	Date of Issue	Date of Maturity	Interest Rate %	Amount in Foreign Currency	Sinking Fund Balance	Amount Issued or Outstanding 2008	Amount Issued or Outstanding 2007	Notes
				($000)	($000)	($000)	($000)	
General Debentures:								
5S	01 Oct. 1987	01 Oct. 2007	10.79		-	-	42,300	1(a)
AF	15 Oct. 1987	15 Oct. 2007	11.63		-	-	115,460	1(a)
6E	12 Dec. 1997	12 Dec. 2007	5.90		-	-	150,000	1(a)
5T	23 Feb. 1988	23 Feb. 2008	11.25		-	-	100,000	1(a)
6G	07 Oct. 1998	07 Oct. 2008	5.70		-	250,000	250,000	1(a)
6J	03 Nov. 1999	03 Nov. 2009	6.70		-	200,000	200,000	1(a)
5R	25 Feb. 1987	25 Feb. 2010	9.38		55,875	55,875	100,000	1(a)(f)
EC7	19 Feb. 2003	29 Dec. 2010	5.13		-	200,000	200,000	1(b)
6L	25 Jul. 2001	25 Jul. 2011	6.40		-	200,000	200,000	1(a)
5U	15 Feb. 1989	15 Feb. 2012	11.00		106,936	125,000	125,000	1(a)
EC6	12 May 1993	12 May 2013	5.65		41,336	81,734	81,734	1(b)
6S	04 Jun. 2004	04 Jun. 2014	5.25		-	300,000	300,000	1(a)
5V	22 Nov. 1989	22 Nov. 2014	10.13		87,661	150,000	150,000	1(a)
AG	01 Jun. 1989	01 Jun. 2019	9.00	(150,000 U.S.)	88,284	153,975	173,190	1(a)
AH	01 Jun. 1990	01 Jun. 2020	9.88	(150,000 U.S.)	26,038	153,975	173,190	1(a)
AJ	29 Nov. 1990	01 Dec. 2020	10.00	(150,000 U.S.)	24,899	153,975	173,190	1(a)
5X	15 Apr. 1991	15 Apr. 2021	10.95		-	147,892	147,892	1(a)
AK	17 Oct. 1991	15 Oct. 2021	9.00	(200,000 U.S.)	29,650	205,300	230,920	1(a)
AM	22 Oct. 1992	22 Oct. 2022	8.65	(200,000 U.S.)	26,345	205,300	230,920	1(a)
AN	13 Oct. 1993	13 Oct. 2023	7.32	(200,000 U.S.)	35,395	205,300	230,920	1(a)
6B	07 Jul. 1995	07 Jul. 2025	9.15		14,524	100,000	100,000	1(a)
6C	05 Feb. 1996	05 Feb. 2026	8.45		20,810	150,000	150,000	1(a)
6F	17 Apr. 1998	17 Apr. 2028	6.15		58,010	450,000	450,000	1(a)
6H	27 Jul. 1999	17 Oct. 2029	6.50		23,856	200,000	200,000	1(a)
6K	30 Jun. 2000	17 Oct. 2030	6.55		45,095	450,000	450,000	1(a)
6R	12 Jun. 2003	17 Oct. 2033	5.60		16,952	300,000	300,000	1(a)
6T	21 Sep. 2004	17 Oct. 2035	5.70		12,292	300,000	300,000	1(a)
6U	28 Nov. 2006	17 Apr. 2037	4.50		5,538	350,000	350,000	1(a)
6V	15 May 2007	17 Oct. 2040	4.65		-	650,000	-	1(a)
6Q	16 Aug. 2002	17 Oct. 2042	6.24		7,333	250,000	250,000	1(a)
	Total: General Debentures				726,829	5,988,326	5,924,716	
Other:								
Treasury bill borrowings					-	490,184	488,881	1(e)
	Total: Other				-	490,184	488,881	

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding 2008	2007
				($000)	($000)	($000)
Government of Canada and Agencies:						
Canada Pension Plan Investment Fund						
Debentures - note 1(c)						
3A-250 to 3A-258	01 Apr. 1987 to 01 Mar. 1988	01 Apr. 2007 to 01 Mar. 2008	9.12 to 11.07	-	-	43,829
3A-259 to 3A-267	05 Apr. 1988 to 01 Dec. 1988	05 Apr. 2008 to 01 Dec. 2008	9.62 to 10.39	-	41,635	41,635
3A-268 to 3A-277	03 Apr. 1989 to 01 Mar. 1990	03 Apr. 2009 to 01 Mar. 2010	9.15 to 10.31	-	45,188	45,188
3A-278 to 3A-284	02 Apr. 1990 to 03 Dec. 1990	02 Apr. 2010 to 03 Dec. 2010	10.36 to 11.33	-	40,432	40,432
3A-285 to 3A-288	02 Apr. 1991 to 02 Jul. 1991	02 Apr. 2011 to 02 Jul. 2011	9.81 to 10.04	-	40,858	40,858
3A-289 to 3A-291	01 May. 1992 to 02 Jul. 1992	01 May. 2012 to 02 Jul. 2012	9.17 to 9.45	-	28,770	28,770
3A-292	01 Mar. 1999	01 Mar. 2019	5.97	-	1,827	1,827
3A-293 to 3A-303	02 Apr. 1999 to 03 Mar. 2000	02 Apr. 2019 to 03 Mar. 2020	5.89 to 7.02	-	35,282	35,282
3A-304 to 3A-314	01 Apr. 2000 to 02 Mar. 2001	01 Apr. 2020 to 02 Mar. 2021	6.41 to 6.90	-	42,645	42,645
3A-315 to 3A-326	01 Apr. 2001 to 01 Mar. 2002	01 Apr. 2021 to 01 Mar. 2022	6.38 to 6.85	-	52,376	52,376
3A-327 to 3A-337	01 Apr. 2002 to 01 Mar. 2003	01 Apr. 2022 to 01 Mar. 2023	5.88 to 6.61	-	52,104	52,104
3A-338 to 3A-347	05 Apr. 2003 to 01 Mar. 2004	05 Apr. 2023 to 01 Mar. 2024	5.41 to 6.15	-	50,738	50,738
3A-348 to 3A-356	02 Apr. 2004 to 02 Jan. 2005	02 Apr. 2024 to 02 Jan. 2025	5.36 to 5.92	-	47,146	47,146
3A-357 to 3A-359	01 April 2005 to 03 June 2005	01 April 2025 to 03 June 2025	4.91 to 5.34	-	23,987	23,987
Total: Canada Pension Plan Investment Fund Debentures				-	502,988	546,817

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding 2008	2007
				($000)	($000)	($000)
Harbour Lodge - see note 1(d)				-	512	531
Total: Government of Canada and Agencies				-	503,500	547,348
Total: Debenture and Other Debt				726,829	6,982,010	6,960,945
Current portion of Debenture and Other Debt					781,839	940,490
Long-term portion of Debenture and Other Debt					6,200,171	6,020,455
					6,982,010	6,960,945

NOTES

1. Details of Debt Issues

a) Non-callable.

b) Non-callable by the Province, except upon changes in tax status and/or law, then as a whole at par.

c) Callable at par at the option of the Minister of Finance of Canada upon six months' prior written notice, subject to the requirements of the Canada Pension Plan. Commencing March 1999, the Province has an option, pursuant to amendments of the Canada Pension Plan enacted by the *Canada Pension Plan Investment Board Act*, to refinance for a final twenty year term maturing Canada Pension Plan borrowings, provided sufficient monies are available in the Canada Pension Plan Investment Fund. The Province has exercised an option to refinance its maturing Canada Pension Plan debt and to date has rolled over, for a further 20 year term, all funds made available by the Canada Pension Plan Investment Fund.

d) This is a loan from the Canada Mortgage and Housing Corporation for the acquisition and construction of the Harbour Lodge. This loan is repayable over a 50 year period in blended annual installments of principal and interest, at an interest rate of 7.875%, maturing 1 December 2021.

e) This figure represents the net proceeds from the sale of $494 million discounted treasury bills with maturity dates ranging from 03 April 2008 to 26 June 2008 and interest rates ranging from 1.90% to 3.89%.

f) During 2007-08, a principal amount of debt was cancelled in accordance with section 38.(4) of the *Financial Administration Act* and at the request of the holder of that debt (Newfoundland Government Sinking Fund). The cancellation occurred as a result of a sinking fund for its related debenture issue becoming fully funded. Therefore, debenture debt and sinking funds have both been decreased by this amount.

2. Sinking Fund Balance

See note 5 of the Notes to the Financial Statements.

DEBENTURE AND OTHER DEBT (continued)

3. Borrowings

Borrowings and unamortized foreign exchange losses, by major currency, and sinking funds as at 31 March 2008 are as follows:

Major Currencies	Foreign Borrowings	Exchange Rate	Canadian $	Unamortized Foreign Exchange Gains/(Losses)	Net
			(000's)	(000's)	(000's)
U.S.	1,050,000	1.0265	1,077,825	270,332	1,348,157
Canadian			5,904,185	-	5,904,185
		Sub-total	6,982,010	270,332	7,252,342
	Less: Foreign sinking funds		230,610	47,718	278,328
	Less: Canadian sinking funds		496,219	-	496,219
		Total	6,255,181	222,614	6,477,795

4. Contributions and Repayment Requirements

Sinking fund contributions and debt repayments which are not funded by a sinking fund, by major currency, in Canadian dollars are as follows:

	U.S.	Canadian	Total
	(000's)	(000's)	(000's)
2008-2009	7,442	373,300	380,742
2009-2010	7,442	326,850	334,292
2010-2011	7,442	319,600	327,042
2011-2012	7,442	320,000	327,442
2012-2013	7,442	107,950	115,392
2013-2044	50,555	1,625,500	1,676,055
	87,765	3,073,200	3,160,965

The foreign exchange gain which has been realized on the Statement of Operations is $10.8 million.

5. Sensitivity Analysis

An increase/decrease of one cent in the foreign exchange rates at 31 March 2008 would result in an increase/decrease in foreign borrowings of $10.5 million (31 March 2007 - $11.5 million).

6. Related Sinking Fund Investments

At year end, the Province held $530.9 million worth of its own debentures (face value) in sinking funds as active investments (31 March 2007 - $653.0 million) which are reflected in the sinking fund balances disclosed in note 3 above. These were comprised of $408.6 million in Canadian investments and $122.3 million in US investments.

DEBENTURE AND OTHER DEBT (continued)

7. Debt-Related Risk

The practice of borrowing in both domestic and foreign currencies may potentially give rise to a number of risks including interest rate, credit, foreign exchange and liquidity risk. Interest rate risk is the risk that debt servicing costs will increase due to changes in interest rates while credit risk is the risk that a loss may occur from the failure of another party to meet its obligations under a derivative financial instrument contract. As well, foreign exchange risk is the risk that debt servicing costs will increase due to a decline in the value of the Canadian dollar relative to other currencies while liquidity risk is the risk that financial commitments will not be met over the short-term.

The Province attempts to manage its exposure to these risks and minimize volatility in its debt expenses by following a conservative debt and risk management strategy. The Province's debt portfolio is structured such that virtually all of its debt is long-term with fixed interest rates and fixed repayment terms. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. Hence, the Province's exposure to interest rate and credit risk is minimal as a result of its conservative debt management strategy.

While the majority of the Province's debt is domestic in nature, there are a number of US dollar denominated debt issues. All of these are long-term issues and the Province has established sinking funds, also in US dollars, to provide repayment of the debt at maturity. For debt servicing purposes, short-term forward contracts are occasionally entered into when favorable exchange rates are available to minimize exposure to foreign exchange risk.

The Province's exposure to liquidity risk is managed by distributing debt maturities over several years, maintaining sinking funds for the repayment of certain long-term debt issues and holding adequate cash reserves or short-term borrowings as contingent sources of liquidity.

Schedule G

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt
As at 31 March 2008
with comparative figures for 2007

	Limit of Guarantee	Contingent Liability	
		2008	2007
	($000)	($000)	($000)
Guaranteed Debentures:			
Municipalities:			
(For debentures issued to The Municipal Development and Loan Board and The Canada Mortgage and Housing Corporation)			
Glenwood	69	69	69
Grand Falls - Windsor	17	17	20
Harbour Breton	164	164	164
Harbour Grace	124	124	125
La Scie	21	21	22
Placentia	69	69	69
Wabana	17	17	17
	481	481	486
Crown Corporations:			
Eastern Regional Integrated Health Authority - note 2	125,798	125,798	127,007
Newfoundland and Labrador Hydro Electric Corporation - note 2	1,250,681	1,250,681	1,291,392
Newfoundland and Labrador Municipal Financing Corporation - note 2	152,584	152,584	200,559
	1,529,063	1,529,063	1,618,958
Guaranteed Bank Loans:			
Crown Corporations:			
Labrador-Grenfell Regional Integrated Health Authority	14,000	10,755	9,000
Marble Mountain Development Corporation	2,100	1,322	1,603
	16,100	12,077	10,603
Fisheries: - note 3			
11072 Newfoundland Ltd.	176	176	-
A & E Fisheries Limited	875	875	675
AAG Enterprises Inc.	184	184	204
A.S.E. Enterprises Limited; Sylvia & Alvin Petten	65	65	143
Alcon Enterprises	339	339	400
Allingham, Ralph and Wayne	18	18	27
Andrew Daley Limited	250	250	334
Ashco Fishing Limited	583	583	666
Ashley's Pride Enterprises Limited	488	488	534
Atlantic Blue Fin Limited	878	878	908
B D & T Enterprises & William F. Ralph	106	106	160
B & J Fisheries Limited	249	249	299
B & R Genge Company Limited	650	650	250
Barrett, Donald	65	65	98
Barrett, Victor and Dwayne	90	90	112

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability 2008	2007
	($000)	($000)	($000)
Guaranteed Bank Loans:			
Fisheries: - note 3			
Batten, Purdie	51	51	117
Butler, Harold	200	200	225
Collins Fisheries Limited	284	284	284
DOBCO Enterprises Limited	252	252	288
Daley, Andrew	44	44	98
Daley, Gary	90	90	135
Drover, Walter and Drover's Sea Harvesting Limited	-	-	569
E & E Fisheries Limited	1,098	1,098	1,182
Emberley, Randy	67	67	89
F & G Fisheries Limited	309	309	332
F.I.C. Enterprises Limited	356	356	371
Feltham, Alexander	131	131	153
Fennelly, Thomas	51	51	92
Fennelly, Thomas and Jeanette	177	177	177
Forsey, Maxwell	122	122	164
G & D Fisheries Limited	919	709	779
G W R Fisheries Limited	409	409	-
Gallant, Guy	213	213	264
Genge, Emanuel Jr.	535	535	535
Genge, Marvin	236	236	270
Genge, Montrose	213	213	256
Gould, Clifford - et al	56	56	75
Greenham, David J. and Billy F.	1,325	1,325	1,325
Greenspond Fisheries Limited	243	243	280
Hailey Bear Enterprises Limited	700	700	-
Hart, Edward T.	540	540	630
Hart, Lloyd	206	206	270
Harvester Enterprises Limited	41	41	61
Hayden, Eric	-	-	15
Hickey, John Sr. - et al	390	390	455
Hicks Fisheries Limited & Randy Hicks	287	287	315
High Tide Enterprises Limited	388	388	432
High Wave Fisheries Limited	368	368	460
Hutchings, Frank	166	166	221
Hyde, Gary and Karen	78	78	97
JBCE Fisheries Limited	312	312	364
J.T. Fisheries Limited	92	92	109
Jacobs, George - et al	-	-	178
Jones, Richard	208	208	228
Kailey Venture Limited	381	381	419
LJC Fisheries Ltd.	1,486	1,326	1,300

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability	
		2008	2007
	($000)	($000)	($000)
Guaranteed Bank Loans:			
Fisheries: - note 3			
Lavers, Boyd George	957	957	786
Lavers, Dion	56	56	63
Lewis, John B.	20	20	41
Lewis, Patrick	168	168	201
Leyte, Melvin	710	710	788
Lormar Enterprises Limited	169	169	187
Lynch, Levi	131	131	148
Marine Fisher Limited & Dino Dredge	51	51	68
Martin, Harold	192	192	213
May, Gilbert and Eleanor	4	4	8
McCarthy, Dennis	737	722	774
Mercer, Stanley	23	23	46
Morey, Byron	136	136	181
Morey, Lorne	54	54	90
Morgan, William G.	-	-	720
Morningstar Enterprises Limited	716	716	772
Mouland, James B.	174	174	217
Newfoundland Mariner Fishing Enterprises Limited	1,125	1,125	-
Newhook, Albert	-	-	260
Noel Fisheries Limited	120	120	159
Noonan, Maurice and Raymond	84	84	184
Norman, Glenn	422	422	498
Normore, Kevin, Leroy and Urias	-	-	53
Northern Provider Ltd.	317	317	388
Ocean Otter Limited	527	527	585
Ocean Surfer Limited	318	318	358
Parsons, William A.	20	20	51
Pencol Enterprises Limited	735	735	801
Penney's Fisheries Limited	611	611	684
Penney, Boyd - et al	85	85	113
Petten, Neal	222	222	260
Petten, Raymond	-	-	882
Piercey's Fishing Enterprises Limited	256	256	293
Plowman, Clayton	24	24	36
Porter, Robert E. and Robert W.	100	100	126
R & C Rose Enterprises Limited	372	372	455
Reid, Austin, Kevin and Boyce	125	125	166
Reid, Glen W.	-	-	20
Roberts, Charles and Winslow, Glen	180	180	240
Russell, Wayne	66	66	101
Ryan, Randy and Lisa	182	182	218

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability 2008	Contingent Liability 2007
	($000)	($000)	($000)
Guaranteed Bank Loans:			
Fisheries: - note 3			
S & D Fisheries Limited	99	99	139
S & I Fisheries Limited	157	157	188
S & J Fisheries Limited	331	331	364
Salt Water Foam Company Limited	243	243	270
Seward, Sterling and Lemuel	-	-	76
Simmonds, Rex	369	369	369
Straits Venture Inc.	173	173	173
Symmonds, Michael - et al	125	125	145
TJL Enterprises Limited	393	393	432
The Roberts and Sisters Enterprises Limited	195	195	217
Toope's Enterprises Limited	337	337	393
Trina and Sons Ltd.	356	356	-
Tucker & Son Limited	-	-	90
Vernon Petten Enterprises Limited	395	395	454
W&R Enterprises Limited	321	321	398
Walsh's Fisheries Limited	225	225	270
Ward, Cecil	364	364	425
Warren, Maxwell	-	-	20
Waye's Enterprises Limited	330	330	396
What's Happening Fisheries Limited	643	643	702
Whitewater Fisheries Limited and Garfield Tippett	122	122	146
Wrice, Wallace & Mary	178	178	200
Yankee Point Limited	85	85	113
	33,670	33,285	36,638
Aggregate Limit & Contingent Amount	32,982	32,758	32,606
Corporate:			
Fogo Island Co-operative Society Limited	2,000	-	-
Island By-Products Limited	-	-	7
Natures Sea Farms Inc.	7,200	6,600	6,600
Newfoundland Symphony Orchestra Association	50	-	50
Smith Seafoods Limited	100	19	85
Stephenville Airport Corporation	350	289	233
Torngat Fish Producers Co-op Society Limited	2,100	1,760	1805
	11,800	8,668	8,780
Other Bank Loans:			
Consumer Protection Fund for Prepaid Funeral Expenses	200	136	123
	200	136	123

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability 2008	2007
	($000)	($000)	($000)
Other Guarantees:			
Crown Corporations:			
Newfoundland and Labrador Immigrant Investor Fund Limited - note 4	97,933	97,933	44,664
Student Loan Corporation of Newfoundland and Labrador - note 5	184,000	184,000	200,133
	281,933	281,933	244,797
	1,872,559	1,865,116	1,916,353

NOTES

1. Definitions

The headings used in this Schedule are defined as follows:

Limit of Guarantee - This represents the maximum amount of loan advances available under the Province's guarantee plus capitalized interest thereon and past due interest, less down payment and less any receipted Provincial subsidy.

Contingent Liability - This represents the actual amount of loan advances (drawdowns) outstanding under the various guarantees plus capitalized interest thereon and past due interest. This represents the amount that the Province would be liable for if it had to honour these guarantees at year end.

The difference between these two amounts reflects the financing still available under the Province's guarantee. As of 31 March 2008, capitalized interest and past due interest amounted to nil and nil respectively.

2. Debenture Issues with Sinking Funds

Corporations for which guarantees are presented net of sinking fund values:

	Principal Amount of Debentures Outstanding	Accrued Interest	Value of Sinking Fund	Contingent Liability
	($000)	($000)	($000)	($000)
Newfoundland and Labrador Hydro Electric Corporation				
- Canadian Funds	1,425,000	22,071	198,477	1,248,594
- Promissory Notes	2,086	1	-	2,087
				1,250,681
Newfoundland and Labrador Municipal Financing Corp.				
- Canadian Funds	162,619	1,956	11,991	152,584
Eastern Regional Integrated Health Authority				
- Canadian Funds	130,000	2,605	6,807	125,798

GUARANTEED DEBT (continued)

3. **Fisheries Loans**

During a vessel's construction period, interim financing is provided through bank loans which are fully guaranteed by the Province. Once construction has been completed, these interim loans are converted to term debt by the banks. With regard to these term loans, the Province's contingent liability under each individual guarantee is determined as being limited to the lesser of the term loan or 20% of the aggregate of all term loans made by the Bank, less the total of all claims paid to the Bank by the Province with respect to these loans.

For the fiscal year ended 31 March 2008, the Province's contingent liability with respect to these guarantees is $32.8 million (31 March 2007 - $32.6 million).

4. **Newfoundland and Labrador Immigrant Investor Fund Limited**

The Corporation was incorporated on 28 April 2005 under the *Corporations Act* of the Province of Newfoundland and Labrador. The purpose of the Corporation is to administer and invest the Newfoundland and Labrador allocation of funds received from immigrant investors by Citizenship and Immigration Canada under its Business Immigration Program. The Province guarantees repayment of the funds received.

5. **Student Loan Corporation of Newfoundland and Labrador**

The Corporation was established on 30 March 2004 under the authority of the *Student Financial Assistance Act* for the purpose of funding and administrating loans to qualifying post-secondary students. On 31 March 2004, the Corporation borrowed $213 million, primarily to finance the purchase of the outstanding student loan portfolio from the previous service provider - a Canadian chartered bank. The Corporation has since reduced the principal amount by $29 million and during 2006-07 refinanced the balance for a term of five years. The borrowing is unconditionally guaranteed as to principal and interest by the Province.

6. **Payments under Guarantee**

During the 2007-08 fiscal year there were no payments under guarantee.

7. **Valuation Allowance**

The provision for guaranteed debt for 31 March 2008 is nil (31 March 2007 - nil).

Schedule H

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Losses, Uncollectible Accounts and Other Amounts Written Off
For the year ended 31 March 2008
with comparative figures for 2007

Department	2008 ($000)	2007 ($000)
Finance:		
Remissions	6,826	4,906
Tax forgiveness	2,832	1,825
Loan forgiveness	-	7,509
	9,658	14,240
Human Resources, Labour and Employment:		
Overpayment of social assistance	466	1,008
Justice:		
Uncollectible accounts	259	508
Health and Community Services:		
Uncollectible accounts	56	935
Education:		
Uncollectible accounts	36	1,058
Tourism, Culture and Recreation:		
Uncollectible accounts	28	-
Environment and Conservation:		
Uncollectible accounts	20	16
Natural Resources:		
Uncollectible accounts	5	79
Fisheries and Aquaculture:		
Uncollectible accounts	-	145
Transportation and Works:		
Uncollectible accounts	-	22
Total	10,528	18,011

Schedule I

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Trust Accounts
As at 31 March 2008
with comparative figures for 2007

	2008	2007
	($000)	($000)
Assets		
Registrar of the Supreme Court	32,876	28,908
Teachers' Accrued Salary Trust Account	6,759	6,593
Consolidated Tender Account	3,548	4,032
Provincial Nominee Program	1,448	-
Provincial Courts Trust Account	1,188	1,128
Federal/Provincial Contractors' Security Account	312	764
Securities Payable	130	94
Contractors' Security Account - Transportation and Works	95	26
Rooms Trust Account	91	87
Victims of Mount Cashel	78	75
High Sheriff of Newfoundland	67	195
Labrador Correctional Centre	57	35
H.M. Penitentiary	56	41
Newfoundland and Labrador Youth Centre	32	35
West Coast Correctional Centre	12	18
ECOC - 2007 General Election	11	-
School for the Deaf	9	12
Bishop's Falls Correctional Centre	9	5
Newfoundland and Labrador Correctional Centre for Women	7	7
Commercial and Corporate Affairs Trust	1	-
Unpaid Wages Trust Account	1	2
Labour Standards Tribunal	-	2
Total	46,787	42,059

Schedule J

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue and Expense by Sector
For the year ended 31 March 2008

	General Government Sector	Resource Sector	Social Sector	Total
	($000)	($000)	($000)	($000)
REVENUE				
Provincial				
Taxation	2,649,065	2,139	-	2,651,204
Non-tax revenue	327,416	1,769,855	13,114	2,110,385
Related Revenue	111,802	17,281	29,707	158,790
Government of Canada	1,517,727	8,979	141,003	1,667,709
Total Sector Revenue	4,606,010	1,798,254	183,824	6,588,088
EXPENSE				
Salaries	164,878	78,919	151,375	395,172
Employee benefits	29,909	681	1,206	31,796
Retirement costs	131,456	-	-	131,456
Transportation and communications	16,862	14,541	13,033	44,436
Supplies	69,715	8,987	28,631	107,333
Professional services	32,620	8,723	284,805	326,148
Purchased services	160,331	29,378	63,766	253,475
Property, furnishings and equipment	7,934	1,904	49,521	59,359
Allowance and assistance	6,133	9	361,872	368,014
Grants and subsidies	14,108	62,188	2,772,575	2,848,871
Debt expenses	687,002	-	2,281	689,283
Amortization (tangible capital assets)	70,889	2,860	7,802	81,551
Bad debt expense	29,242	-	-	29,242
Total Sector Expense	1,421,079	208,190	3,736,867	5,366,136
SECTOR SURPLUS (DEFICIT)	3,184,931	1,590,064	(3,553,043)	1,221,952

NOTE

Sectors

The sectors identified above are comprised of a broad array of programs which are delivered through the various departments. Revenues and expenses have been attributed to individual departments based on where the program is administered. Certain amounts have been allocated on a systematic basis. The sectors include the following departments:

General Government Sector
This sector consists of the Departments of Consolidated Fund Services, Executive Council, Finance, Government Services, Labrador and Aboriginal Affairs, Legislature, Public Service Commission and Transportation and Works.

Resource Sector
This sector consists of the Departments of Business, Environment and Conservation, Fisheries and Aquaculture, Innovation, Trade and Rural Development, Natural Resources and Tourism, Culture and Recreation.

Social Sector
This sector consists of the Departments of Education, Health and Community Services, Human Resources, Labour and Employment, Justice and Municipal Affairs.

Schedule K

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Reconciliation of Budgetary Contribution (Requirement) to Accrual
For the year ended 31 March 2008
with comparative figures for 2007

	2008		2007	
	Current	Capital	Current	Capital
	($000)	($000)	($000)	($000)
Budgetary Contribution (Requirement) - note	1,412,072	(340,810)	361,344	(220,415)
Less: Amounts capitalized	-	11,507	-	3,095
	1,412,072	(329,303)	361,344	(217,320)
Surplus (Deficit) - accrual	1,467,501	(245,549)	231,287	(186,603)
Difference	(55,429)	(83,754)	130,057	(30,717)
The difference is comprised of the following:				
Sinking fund earnings	(52,129)	-	(57,948)	-
Accrued retirement costs - interest	186,189	-	238,946	-
Accrued retirement costs - other	38,950	-	60,805	-
Amortization of foreign exchange gains/losses	(10,601)	-	(12,060)	-
Other debt expenses	(3,277)	290	2,759	(558)
Bad debt expenses	52	29,190	(136)	12,091
Amortization expense re tangible capital assets	-	81,551	-	87,384
Tangible capital asset acquisitions/adjustments - net	-	(152,010)	-	(105,232)
Inventories of supplies	(2,104)	-	(576)	-
Accrued revenues and expenses	(212,509)	(42,775)	(101,733)	(24,402)
Difference	(55,429)	(83,754)	130,057	(30,717)
	(139,183)		99,340	

NOTE

The Budgetary Contribution (Requirement) for current and capital accounts are per the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the year ended 31 March 2008.